

KELLAHIN & KELLAHIN
ATTORNEY AT LAW

W. Thomas Kellahin
706 Gonzales Road
Santa Fe, New Mexico 87501

phone 505.982.4285
Facsimile 505.216.2780
tkellahin@comcast.net

February 23, 2012

VIA EMAIL AND HAND DELIVERY

Ms. Jami Bailey Director
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

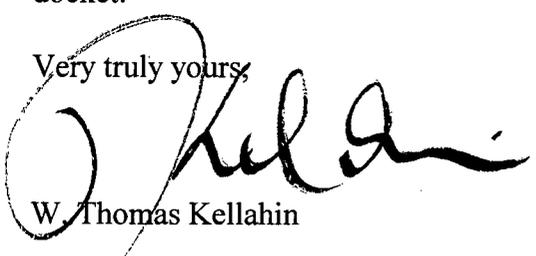
Case 14804

Re: Application of Nadel and Gussman Permian, LLC for approval of four
non-standard horizontal wellbore project areas
Eddy County, New Mexico

Dear Ms. Bailey:

On behalf of Nadel and Gussman Permian, LLC, please find enclosed our
referenced application to be set for hearing on the March 29, 2012 Division Examiner's
docket.

Very truly yours,


W. Thomas Kellahin

CC: Nadel and Gussman Permian, LLC
Attn: Emerald Johnson

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION OF NADEL AND GUSSMAN, LLC
FOR APPROVAL OF FOUR NON-STANDARD
HORIZONTAL WELLBORES PROJECT
EDDY COUNTY, NEW MEXICO**

CASE 14804

2012 FEB 23 P 32

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APPLICATION

Comes now NADEL AND GUSSMAN PERMIAN, LLC (“NGP”) and by and through its attorneys, Kellahin & Kellahin, and pursuant to Commission Order R-13499 and adopted amendments to Rule 19.15.14.8 NMAC and 19.15.16 NMAC, applies to the New Mexico Oil Conservation Division (“Division”) for approval of four non-standard horizontal wellbores project areas to be dedicated to any production from the Yeso Formations to be configured as follows:

- (1) Lawman 1-H (API #30-015-39874) consisting of the W/2SW/4 of Sec 12 and the W/2NW/4 of Sec 13, T19S, R25E; See Exhibit “A” attached
- (2) Lawman 2-H (API #30-015-39875) consisting of the E/2SW/4 of Sec 12 and the E/2NW/4 of Sec 13, T19S, R25E; See Exhibit “B” attached
- (3) Lawman 3-H (API #30-015-39876) consisting of the W/2SE/4 of Sec 12 and the W/2NE/4 of Sec 13, T19S, R25E; See Exhibit “C” attached
- (4) Lawman 4-H (API #30-015-39877) consisting of the E/2SE/4 of Sec 12 and the E/2NE/4 of Sec 13, T19S, R25E; See Exhibit “D” attached

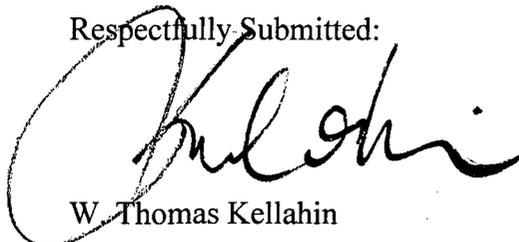
In support, NGP states:

- (1) It has an interest in each of the four 40-acre tracts that constitute each of the four non-standard horizontal wellbores project areas.
- (2) On January 31, 2012, the Division approved NGP’s Applications for permits to drill, with C-102s attached, for these four wellbores and assigned API numbers as stated above.
- (3) Nadel and Gussman Permian’s development plan for these four horizontal wellbores is predicated upon a development pattern established by Mewbourne Oil Company when it drilled its Wyatt Draw “24/25” LE Well #1H (API # 30-015-38038) crossing over two sections with a horizontal wellbore starting in the W/2NW/4 of Sec 25 and ending in the W/2SW/4 of Sec 25.

- (4) This Mewbourne wellbore set up a pattern of development that affected future horizontal wellbore planned by Nadel and Gussman "NGP"
- (5) On December 7, 2010, the Division approved Mewbourne filed an application to drilled its Wyatt Draw 13ML#001H (API #30-015-38306) for and 80-acre unit consisting of the W/2SW/4 of Sec 13, T19S, R25E; See C-102 Attached as Exhibit "E"
- (6) On July 28, 2011, Nearburg Producing Company's completed its Fairchild 24 #2H well (API #30-015-39013) and dedicated an 80-acre unit consisting of the N/2 NW/4 of Sec 224, T19S, R25E, see C-102-Exhibit "F" attached
- (7) By filing its APD, including C-102, Mewbourne is using an 80-acre NSP consisting of the W/2SW/4 of Sec 13 thereby avoiding encroaching into the N/2 of Sec 13. By doing so, Mewbourne voluntarily chose to avoid the N/2 of Section 13
- (8) In reliance upon Mewbourne's development pattern for horizontal wellbores, Nadel and Gussman has commence a plan of development for this horizontal wellbores in Section 12 and 13 and has obtained approved APDs for its Lawman Wells Nos. #1-H, #2-H, #3-H and #4-H and are in the process of consolidation the working interest owners upon a voluntary basis.
- (9) The establishment of the proposed non-standard horizontal wellbore project areas will ensure the orderly development of the oil reserves within the Yeso formation.
- (10) Approval of this application will afford the owners and the applicant the opportunity to produce their just and equitable share of the hydrocarbons in the Yeso formation, will promote the orderly development in this area, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

WHEREFORE, Applicant requests that this application be approve by the Division.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin", written over a circular stamp or seal.

W. Thomas Kellahin

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240
Phone (575) 334-5161 Fax: (575) 392-0720

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1820 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3400 Fax: (505) 476-3402

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LAWMAN	Well Number 1H
GRID No.	Operator Name NADEL & GUSSMAN PERMIAN	Elevation 3406'

Surface Location

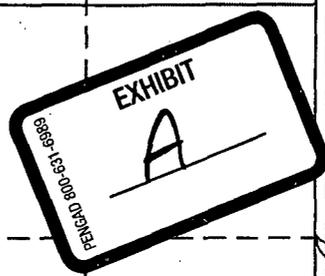
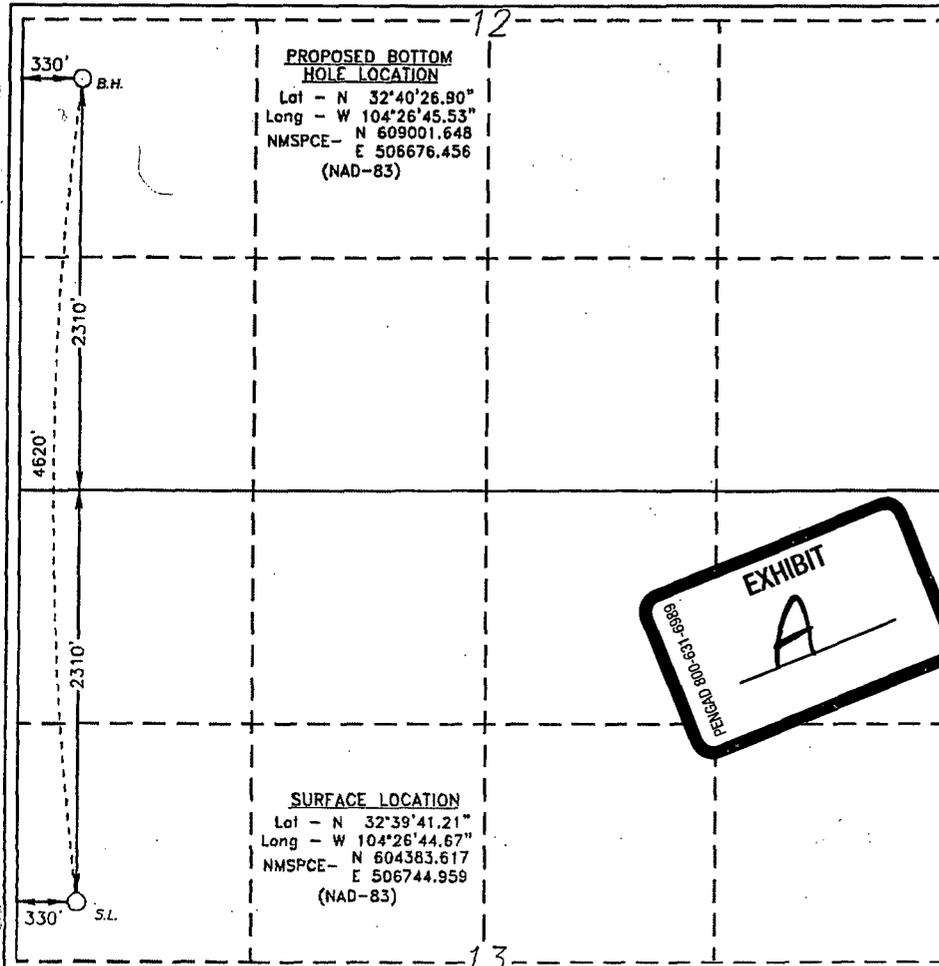
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	13	19 S	25 E		2310	NORTH	330	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	12	19 S	25 E		2310	SOUTH	330	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____
 Printed Name _____
 Email Address _____

SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Signature & Seal of Professional Surveyor

 W.S. No. 29721

Certificate No. Gary L. Jones 7977
 BASIN SURVEYS 25721

DISTRICT I
 1625 N. French Dr., Hobbs, NM 88240
 Phone (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
 1301 W. Grand Avenue, Artesia, NM 88210
 Phone (575) 746-1283 Fax: (575) 746-0720

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone (505) 334-6176 Fax: (505) 334-6170

DISTRICT IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone (505) 476-3400 Fax: (505) 476-3482

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised August 1, 2011

Submit one copy to appropriate
 District Office

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LAWMAN	Well Number 2H
OGRID No.	Operator Name NADEL & GUSSMAN PERMIAN	Elevation 3399'

Surface Location

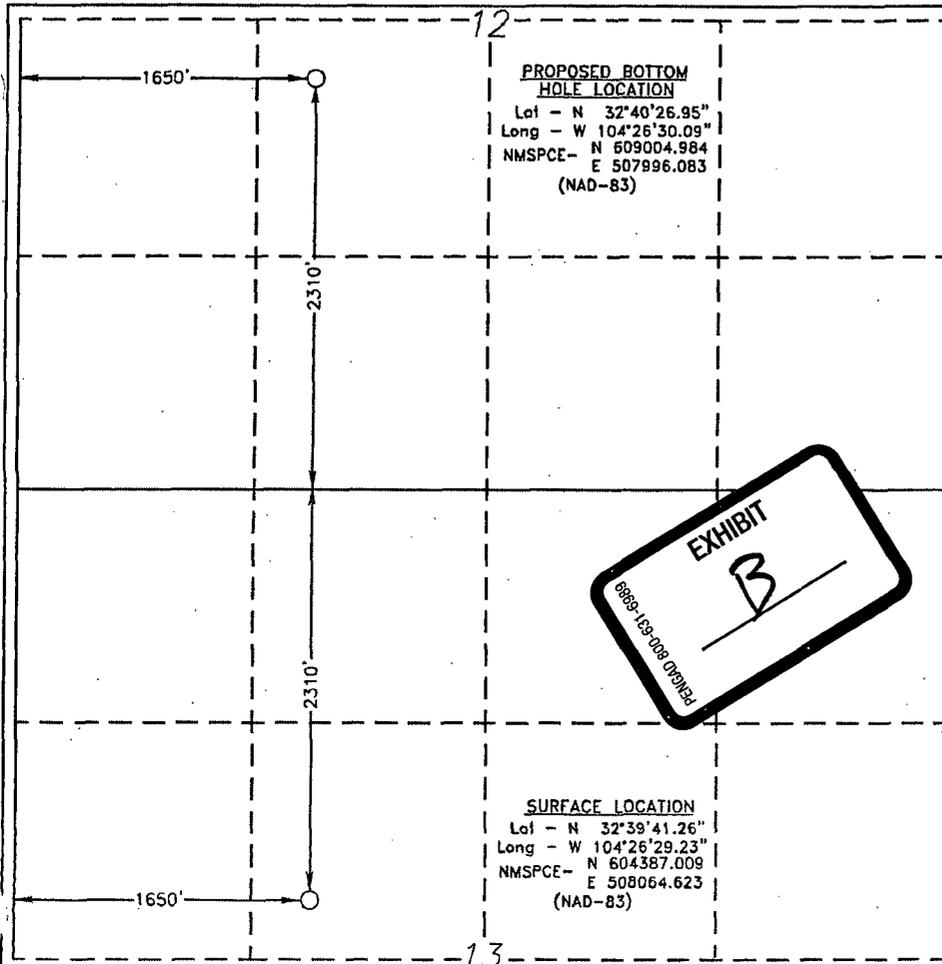
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	13	19 S	25 E		2310	NORTH	1650	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	12	19 S	25 E		2310	SOUTH	1650	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

Email Address _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Signature _____
 Professional Surveyor



Certificate No. Garry L. Jones 7977

BASIN SURVEYS 25722

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-8161 Fax: (575) 393-0720

DISTRICT II

1501 W. Grand Avenue, Artesia, NM 88210
Phone (575) 746-1283 Fax: (575) 746-0720

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-8178 Fax: (505) 334-8170

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3450 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LAWMAN	Well Number 3H
OGRID No.	Operator Name NADEL & GUSSMAN PERMIAN	Elevation 3395'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	13	19 S	25 E		2310	NORTH	2310	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	12	19 S	25 E		2310	SOUTH	2310	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

Email Address _____

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

DATE SURVEYED: DECEMBER 2011

Signature & Seal of Professional Surveyor: [Signature]

Certificate No. 25723

Basin Surveys 25723

DISTRICT I
 1625 N. French Dr., Hobbs, NM 88240
 Phone (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
 1301 W. Grand Avenue, Artesia, NM 88210
 Phone (575) 748-1253 Fax: (575) 748-9720

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410
 Phone (505) 354-8178 Fax: (505) 334-8170

DISTRICT IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised August 1, 2011

Submit one copy to appropriate
 District Office.

OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name
Property Code	Property Name LAWMAN	Well Number 4H
OGRID No.	Operator Name NADEL & GUSSMAN PERMIAN	Elevation 3399'

Surface Location

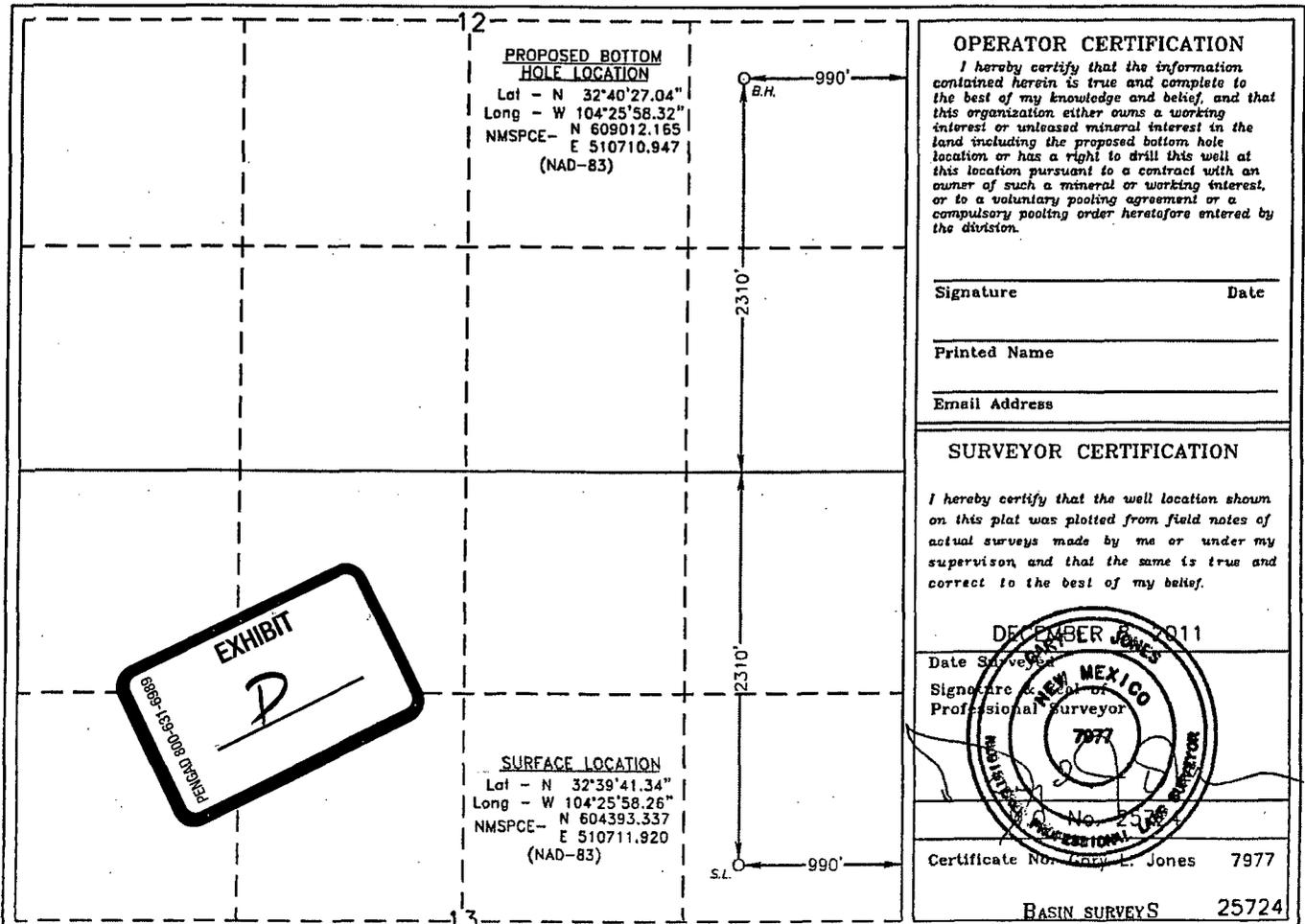
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
H	13	19 S	25 E		2310	NORTH	990	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	12	19 S	25 E		2310	SOUTH	990	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
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DISTRICT I
1626 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised July 18, 2010
Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT AMENDED REPORT

API Number 30-019-38306	Pool Code 97565	Pool Name NORTH SEVEN RIVERS GLORIETTA YESO
Property Code 38403	Property Name WYATT DRAW "13ML" COM	Well Number 1H
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3422'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	19 S	25 E		250	NORTH	350	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	13	19 S	25 E		2310	SOUTH	350	WEST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

PROPOSED BOTTOM HOLE LOCATION
 Lat - N 32°39'35.81"
 Long - W 104°26'42.18"
 NMSPCE- N 603817.631
 E 465619.130
 (NAD-27)

SURFACE LOCATION
 Lat - N 32°39'10.48"
 Long - W 104°26'41.70"
 NMSPCE- N 601258.263
 E 465657.082
 (NAD-27)

OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jackie Lathan 12/3/10
 Signature Date

Jackie Lathan
 Printed Name

jathan@mewbourne.com
 Email Address

SURVEYOR CERTIFICATION
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.

Date Surveyed: 12/3/10
 Signature & Seal of Professional Surveyor: [Seal]

Certificate No. Gary L. Jones 7977

BASIN SURVEYS 23247

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DEC 06 2010
NMOCD ARTESIA

EXHIBIT
E

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240
DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210
DISTRICT III
1000 RIO BRAZOS RD., AZTEC, NM 87410
DISTRICT IV
11885 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised July 16, 2010
Submit to Appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number		Pool Code 97565	Pool Name N. Seven Rivers; Glorieta-Yeso
Property Code 21143	Property Name FAIRCHILD 24		Well Number 2H
OGRID No.	Operator Name NEARBURG PRODUCING COMPANY		Elevation 3417

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	24	19-S	25-E		2520	SOUTH	750	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	24	19-S	25-E		330	NORTH	330	WEST	EDDY

Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>GRID AZ = 351°28'03" HORIZ. DIST. = 2522.7'</p> <p>330' B.H.</p> <p>750'</p> <p>S.L. SEC. DETAIL</p> <p>2520'</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Terri Stathem</i> 5/3/11 Signature Date</p> <p>Terri Stathem Printed Name</p> <p>tstathem@nearburg.com E-mail Address</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>MARCH 8, 2011 Date of Survey</p> <p>Signature & Seal of Professional Surveyor: <i>Ronald J. Eidson</i></p> <p>RONALD J. EIDSON NEW MEXICO 3239</p> <p>Certificate Number: Gary G. Eidson 12641 Ronald J. Eidson 3239</p> <p>LA WSC W.O.: 11.13.1010</p>

